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FM AMEMBASSY CARACAS  
TO RUEATRS/DEPT OF TREASURY PRIORITY  
RUCPDOG/DEPT OF COMMERCE PRIORITY  
RUEHC/SECSTATE WASHDC PRIORITY 3138

C O N F I D E N T I A L CARACAS 000686

SIPDIS

HQ SOUTHCOM ALSO FOR POLAD  
COMMERCE FOR 4332/MAC/WH/JLAO  
TREASURY FOR RJARPE  
NSC FOR R KING  
SECSTATE PASS AGRICULTURE ELECTRONICALLY

E.O. 12958: DECL: 05/20/2026  
TAGS: [EAGR](#) [ECON](#) [ETRD](#) [PGOV](#) [VE](#)  
SUBJECT: PRESIDENT MAKES IMPORTING FOOD MORE DIFFICULT,  
ESPECIALLY FOR SELECTED COMPANIES

Classified By: Randall Hager, Agricultural AttachQ, for reasons  
1.4 (b) and (d)

11. (C) SUMMARY: The Director of Communications for Venezuela's foreign exchange committee (CADIVI) informed wheat and pasta industry representatives recently that three leading companies will be excluded from the "Pago a la Vista" (cash payments) system, which eases bureaucratic procedures for trade, by order of President Chavez. Although not yet critical, local availability of staple pasta products could suffer as this and other recently applied measures continue to delay wheat imports, much of which come from the United States. END SUMMARY.

12. (C) According to Richard Dalke (protect), president of the local wheat association ASOTRIGO, he and several industry representatives were told during a meeting on May 19 that, per a direct order of President Chavez, CADIVI would remove Alimentos Polar, Cargill, and pasta producer Sindoni from the list of companies eligible to use "Pago a la Vista," making their imports of food products, including wheat, more difficult and costly. Pago a la Vista is an expedited payment system that speeds up procedures necessary to obtain foreign exchange, allowing companies to negotiate effectively with their suppliers. This is in sharp contrast to the several months often required to obtain foreign exchange through the standard system.

13. (C) In addition to this abrupt notice, Dalke reported that Venezuela will now again require onerous "non-production" certificates, forcing an importer to prove that Venezuela produces no wheat before any foreign exchange request is approved. COMMENT: The renewal of this requirement is unnecessary as Venezuela's wheat production is minimal, and has no real market impact. This action is simply a bureaucratic trap. END COMMENT.

14. (C) According to Dalke, incompetence and revolutionary fervor were also on display at the meeting. After a balanced presentation on the need to approve wheat imports quickly to avoid shortages, the Director became quite angry, loudly complaining that the industry was taking its message directly to the press, instead of informing government authorities first. She also claimed that "Venezuela would soon be exporting wheat to the world." The representatives responded calmly with copies of correspondence supporting their message sent over the past three months to CADIVI and several BRV Ministries. COMMENT: The revolutionary message from the top, i.e., that Venezuela will soon be at least self sufficient, and later export food to the world, is faithfully parroted by lower level officials. Unfortunately, bureaucratic competence in technical matters lags far behind

that of mimicry. Regarding the three targeted companies, we can only surmise that government harassment against the private sector is still the marching order. END COMMENT.

15. (C) Although not critical, Dalke reports that some pasta producers are seeing raw material inventories shrink, and at least one company has had to borrow stocks from another to keep its plant operating. As a result of the industry's continued lobbying of the government, officials are attempting to clear paperwork for previously approved cargoes. Several ships from the United States have been waiting since May 14 to sail, and importers are now paying significant demurrage while they wait for government import approvals and foreign exchange requests to clear. COMMENT: It appears that the wheat and pasta industries have been effective in calling attention to a potential shortage of wheat, and we believe that the BRV will not allow the situation to become critical. However, they appear to be making it as hard as possible for several leading companies to do business.

CAULFIELD